

Strategies to Turn Potential into Performance

By Susan Schilke; April 1, 2019

In our TeamStrength Leadership Workshop 2019, we'll learn more about The Strategic Effect, blending concepts from the world of magic, and applying them to develop new and improved methods to compete and win. And all year, we'll give you ways to think more strategically with your leadership team. This month, we're revisiting a simple matrix evaluation tool that can help drive discussion and decisions – **The Performance-Potential Matrix**.

When you look at any element of your business strategically – products, services, markets, branches, stores, divisions, customers, team members and leaders – you need to determine where to invest the limited resources of time, money and mindshare. The answer to two key questions informs those decisions. What's the current performance? And what's the potential for growth? Both answers matter in making decisions.

Let's say you have a branch that has been underperforming and unprofitable for multiple years. Do you close it? In a smaller market with little growth, that could be the right decision. But if the branch is in one of your largest market areas, and it's a growth market as well, your best bet is likely to continue to invest in solutions.

Or what if your clients are all over the country, and you need to make decisions about how often your key leaders travel for face-to-face visits. Do you focus your visits on the largest clients currently generating the most revenue for your company? Maybe, but you probably also want to prioritize clients who have the potential to dramatically increase their business volume to tap into that opportunity.

The Performance-Potential Matrix is an ideal tool for analysis of branches and key customers – as well as team members at every level. You've likely seen some version of this matrix, from the Boston Consulting Group's market analysis tool, to the newer 9-box matrix to evaluate team members. However it is applied, it can offer new insights.

At TeamStrength, we've adapted the 4-quadrant version to be used in any analytic process. There are four main categories:

1. High Performance – High Potential for Growth – **Star**. These are strong performers that also still have plenty of room to increase in measurable ways
2. High Performance – Low Potential for Growth – **Solid Performer**. These are valuable performers, but don't have potential for much growth beyond current performance levels.
3. Low Performance – High Potential for Growth – **Question Mark**. The performance isn't there, but there is clear potential for growth and performance over time.
4. Low Performance – Low Potential for Growth – **Wrong Fit**. The performance is low, and there is no real potential for improvement.



Guidelines

1. This works best as a collaborative process, and is a great activity for a monthly or quarterly leadership meeting.
2. Select what you're analyzing – store locations, managers, customers, business types, etc. – and make a list of them all.
3. One by one, chart them in the matrix according to their Performance (decide on metrics for this) and Potential for growth and increase in performance. Get different perspectives and reach agreement on placement.
4. Develop action plans based on placement
 - Invest time and resources in your Stars – they are the current and future success of the company.
 - Invest less in Solid Performers – working to retain, but not attempting to develop further.
 - Create strategies to move Question Marks to Stars.
 - Make decisions about how to remove the Wrong Fits.
5. Some additional thoughts and strategies
 - Repeat the Matrix at another point in time to see movement.
 - Most new employees, customers, divisions, etc. will start as Question Marks. The goal is always to turn them into Stars.
 - The Question Mark category has a time limit. If performance cannot improve after time, then they are likely Wrong Fits and need to move out.
 - Analyze Stars to see what they have in common and use this to drive strategic decisions designed to get more of these!
 - Analyze Wrong Fits the same way to avoid mistakes in the future.

The Performance-Potential Matrix is a simple yet effective tool to collaboratively analyze your companies' locations, customers or team members, address challenges, and create plans to drive growth.